

Provides in 2001 and thereafter a refundable tax credit of \$1200 per adult, \$600 per child, and \$3600 total per family. These amounts are adjusted for inflation at the same rate that the Federal government's plan for its employees (FEHBP) increases.

The credit is available to everyone who is not participating in a subsidized health plan or eligible for Medicare.

The credit may only be used to buy "qualified" health insurance, which is defined to be private insurance sold through a new HHS Office of Health Insurance (OHI) in the same general manner that Federal employees "buy" health insurance through the Office of Personnel Management.

Any insurer who wants to sell to Federal workers through FEHBP must also offer to sell one or more policies through OHI. OHI will hold an annual open enrollment period (similar to FEHBP's fall open enrollment) and insurers must sell a policy similar to that which they offer to Federal workers (but may also offer a zero premium policy), for which there is no pre-existing condition exclusion or waiting period, for which the premium and quality may be negotiated between the carrier and OHI, and which must be community-rated (i.e., it won't rise in price as individuals age).

Mr. Speaker, a refundable tax credit sounds like an easy idea, but as in all things in America's \$1.1 trillion health care system, there are some serious problems that have to be addressed.

The major problems with a refundable credit are:

(1) How to get the money to the uninsured in advance, so that the uninsured, who tend to be lower income, can buy a policy without waiting for a refundable credit?

(2) How to make sure that the credit is spent on health insurance and there is no tax fraud?

I solve both of these problems through credit advances to insurers administered through OHI.

(3) How to limit the credit to those who are uninsured, and avoid encouraging employers and those buying private insurance on their own from substituting the credit for their current coverage?

By limiting the size of the credit, most people who have insurance through the workplace or are participating in public programs will want to continue with their current coverage. The credit is adequate to ensure a good health insurance plan, but most workers and employers will want to continue with the current system.

Having said this, there is no question that this credit is likely to erode gradually the employer-based system. It is hard to see employers wanting to offer new employees a health plan, when they can use this new public plan. Indeed, it is likely that an employer will say, "I will pay you more in salary if you will go use the tax credit program."

But is this bad? The employer-based health insurance system is an historical accident of wage controls during World War II where in lieu of higher wages, people were able to get health insurance as a fringe benefit. This system is collapsing. No one today would ever design from scratch such a system where your family's health care depended on where you

worked. It is, frankly, probably good that this system would gradually erode—if there is something to replace it. The Health Insurance for Americans Act provides that replacement. To the extent that workers have better health care through their employer, the employer can continue to provide increased pay for the purchase of "supplemental" or "wrap-around" health benefits and can even help arrange such additional policies for their workers—and both workers and employers come out ahead.

The bill I am introducing does not force an overnight revolution in the employer-provided system. But the current system is dying, and my bill provides a transition to a new system in which employees will have individual choice of a wide range of insurers (instead of today's reality, where most employees are offered one plan and only one plan).

(4) How to make the credit effective by allowing the individual to buy "wholesale" or at group rates, rather than "retail" or individual rates?

(5) How to make sure that individual who most need health insurance—those who have been sick—are able to use the credit to obtain affordable insurance?

(6) How to minimize the problem created when the healthiest individuals take their credit and buy policies which are "good" for them (e.g., Medical Savings Accounts), but "bad" for society because they leave the sicker in a smaller, more expensive insurance pool (that is, how do we keep the insurance pool as large as possible and avoid segmentation and an 'insurance death' spiral)?

Again, the OHI/FEHBP idea largely solves these 3 problems, by giving individuals a forum where they can comparison shop for a variety of plans that meet the standards of the OHI and achieve efficiencies of scale and reduced overhead.

These questions are the single biggest problem facing the refundable credit proposal. Even if we are able to 'pool' the individuals, will insurers offer an affordable policy to a group which they may fear will have a disproportionate number of very sick individuals?

We may need to develop a national risk pool 'outlet' to take the expensive risks and subsidize them in a separate pool, so that the cost of premiums for most of the people using OHI is affordable. Another alternative, and probably the one that makes the most sense for society, is to mandate that individuals participate in the OHI pool (if they don't have similar levels of insurance elsewhere). Only by getting everyone to participate can we ensure a decent price by spreading the risk. The danger that young, healthy individuals will ignore (forego) the tax credit program may be serious enough that it will cause insurers to price the OHI policies too high, thus starting an insurance "death spiral" as healthier people refuse to participate and rates start rising to cover the costs of the shrinking pool of sicker-than-average individuals.

As I said earlier, the different Republican tax credit proposals fail to deal with these key questions and problems. But their bills have helped focus us on this national crisis. Through hearings and studies, I hope we can find ways to ensure that these technical—but very important questions—are addressed.

There is one key, monstrous question left: how to pay for the refundable credit so we

may end the national disgrace of 44 million uninsured?

I have not addressed this issue in the bill, but am willing to offer a number of options. I would like to see the temporary budget surpluses used to start this program—but those surpluses are temporary and we need a permanent financing source.

The problem of the uninsured is largely due to the fact that many business refuse or are unable to provide health insurance to their workers. The fairest way to finance this program would be a tax on businesses which do not provide an equivalent amount of insurance to their workers. Such a tax, of course, would slow the tendency of this program to encourage businesses to drop coverage. Since many small businesses could not afford the tax, we will need to subsidize them.

Another approach would be to apply the next minimum wage increase to the payment of health insurance premiums by those firms which do not offer insurance. A 50 cent per hour minimum wage increase dedicated to health insurance would pay most of an individual's premium.

Other financing sources could be a provider and insurer surtax, since these groups will no longer need to be subsidize the uninsured and will be receiving tens of billions in additional income. Finally, to end the national disgrace of un-insurance, a small national sales or VAT tax would be in order.

Again, Mr. Speaker, I have said that the earlier tax credit proposals have serious structural problems. The biggest problem they have is not saying how they will pay for their plans. Until Members talk about financing, all of these plans are sound and fury, signifying nothing.

These tax credit bills are obviously expensive, but so is the cost of 1 in 6 Americans being uninsured. In deaths, increased disability and morbidity, and more expensive use of emergency rooms, American society pays for the uninsured. If we could end the national disgrace of un-insurance, we would save billions in improved productivity, reduced provider costs, bad debt, personal bankruptcy, and disproportionate share hospital payments.

Mr. Speaker, it is time for America to join the rest of the civilized world and provide health insurance for all its citizens.

#### REMEMBERING SYLVIA WURF

#### HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1999

Mr. NADLER. Mr. Speaker, recently Brooklyn lost one of its most outstanding citizens, Sylvia Wurf. Sylvia worked for our former colleague, Representative Stephen J. Solarz, in his Coney Island District Office, in what is now the Eighth Congressional District. Sylvia Wurf was a remarkable public servant whose efforts on behalf of average citizens was legendary and an inspiration.

Steve Solarz, who knew her for many years, memorialized Sylvia, and I commend his moving eulogy to my colleagues' attention.

## SYLVIA WURF: A GREAT LADY

Sylvia Wurf was an extraordinary woman—brilliant, tenacious, caring—but also ornary, cantankerous, exasperating.

She was a memorable person who, in a triumph of will and determination, not only fulfilled her potential as a human being, but made a difference in the lives of thousands of people who turned to her for assistance.

She may well have been the best Congressional case worker in the history of the Republic.

As I thought of Sylvia these last few days, I recalled the colloquy of Hotspur and Glendower in Shakespeare's *Henry IV*, when Hotspur says, "I can summon spirits from the vast and murky deep", and Glendower replies, "Why so can I. So can any man, but will they come when you dost call them?"

In Sylvia's case, the answer was, "yes". She could summon spirits, and they did come when she called them.

I used to say, "If I were ever in some remote part of the world and were kidnapped and thrown into a dungeon of slime, and I were given the chance to make one phone call, it would be to Sylvia. Where others would throw up their hands in despair, she would get on the phone and go to work."

Woe to the feckless bureaucrat whom Sylvia nagged until she got what she wanted. Pity the poor Ambassadors whom she awoke at 3:00 a.m. (their time) to assist someone with a visa problem. Weep for the Fortune 500 CEO, like the President of AT&T, whom she routed in his idyllic country home one summer Sunday to get an unlisted phone number.

The flip side of the coin was that she could be impossible, even insulting, not just to government bureaucrats, but even with constituents.

My favorite story about Sylvia was the one in which a constituent came up to see Sylvia, sat down at her desk, and said, "I'm Mrs. Schwartz." Sylvia replied, "I'm Mrs. Wurf." "You're Mrs. Wurf", the woman said, "I'm so surprised. You sounded so much younger on the phone." Realizing immediately that she had made a mistake, Mrs. Schwartz said, "Oh, what a stupid thing for me to say." "Don't worry, Mrs. Schwartz", said Sylvia. "I deal with stupid people all day long. Why should you be any different?"

It was, I am told on occasions like this, in our old Kings Highway office where everyone sat in one large room, that someone on the staff would hold up a sign saying, "Another Satisfied Customer".

Sylvia broke every rule in the book. There were innumerable occasions when I considered letting her go—but there were three reasons why I never did.

First, because working in the office gave meaning and purpose to her existence. And I could never bring myself to deprive her of the opportunity it afforded her to live a successful and satisfying life.

Second, and more importantly, because she was the Mark McGwire of Congressional case workers. If she struck out a lot—she also hit more home runs than anyone else. She was, in a very real sense, the most valuable case worker in the Congressional league.

But third, and most importantly, because she was a genuine inspiration.

I have always felt that nothing is more admirable than when an individual triumphs over adversity. And Sylvia, more so than anyone I ever knew personally, triumphed over adversity. I often used to think of how many other Sylvias there must be who never had the chance to do with their lives what Sylvia did with hers. And I never ceased to

take pride from the incredulous reaction of so many of the people who asked for her assistance, but who never met her, when I told them she was legally blind.

About 15 years ago, at the funeral of Congressman Phil Burton, shortly after he had re-drawn the map of the California Congressional districts which guaranteed a Democratic majority in the California Congressional delegation for a decade, then Mayor Diane Feinstein of San Francisco said, "If Phil is where I think he is, he's already re-drawing the map of heaven."

Well, if Sylvia is where I think she is, she is already doing case work on behalf of the Lord for those in the lower reaches who want to join her in the more deluxe atmosphere upstairs. And you know what. She's getting some of them in!

SPEAKER HASTERT SPEECH TO  
THE PARLIAMENT OF LITHUANIA

## HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 15, 1999*

Mr. SHIMKUS. Mr. Speaker, I would like to enter the following transcript of Speaker HASTERT's speech to the parliament of Lithuania into the House RECORD. I believe that it sends a great message of the commonalities between America and Lithuania. It also demonstrates why we must show concern for the events that occur outside the United States.

WASHINGTON, D.C.—House Speaker J. Dennis Hastert (R-Ill.) today released the following text of his speech to the Lithuania Parliament on March 30, 1999:

Mr. Chairman, Members of the Seimas, distinguished guests: Let me thank you for this great honor of addressing this assembly. I have traveled far to be here today—but not nearly as far as you have traveled over the last ten years.

Outside this building I was shown the barricades manned by those who stood their ground and defended this very Parliament. We in the United States Congress try to do our duty each day—to protect freedom and promote democracy. But for almost 200 years, we have not had to defend our Capitol Building from attack.

Of course, we know the stories of our founders who met in Philadelphia and swore their lives and property to defend our new democracy. That is why the pictures of your courageous stand for freedom—flashed across the world—reminded us in the Congress of our own beginnings. It drove home the fact that freedom at times must be defended with our very lives.

Professor Landsbergis, your courageous stand for liberty served as an inspiration to all Americans. The American people continue to be inspired by your successful efforts to create a stable democracy in order to provide a better way of life for Lithuania's children.

As you may know, I am from the state of Illinois, which is the home of the great city of Chicago. I think you all have heard of the city of Chicago. We are pleased President Adamkus was able to spend some of his life in Chicago. He contributed much to our country, and we are grateful for those contributions. But his heart was always here in Lithuania, with your struggle for freedom.

Illinois is also the home of two of my political heroes: Abraham Lincoln and Ronald

Reagan. Abraham Lincoln is best known to history for ending the barbaric practice of slavery in the United States. It was Abraham Lincoln who said: "Government of the people, by the people and for the people shall not perish from the earth." By working hard to create a stable and secure democracy, the Lithuanian people prove that truth.

History will record that Ronald Reagan challenged the 20th century version of slavery. It was Ronald Reagan who said: "Mr. Gorbachev, tear down this wall." That eloquent statement, coupled by the hard work of Eastern Europeans yearning to be free, helped end Soviet aggression and created a new and bigger Europe. It is this new Europe that I want to talk to you about today.

The new Europe has a profound relationship with the United States. Part of that relationship comes from our cultural ties. In no small measure, Europe helped build America with the contributions of its people, whether they be Irish or Polish or German or Italian, or Lithuanian. An American ambassador once said to the Soviet premier: "When we talk about human rights behind the Iron Curtain, we are not interfering in your internal affairs. We are talking about family matters." Practically every family here has family in America.

In fact, close to one million Americans identify themselves as Lithuanian Americans. One of those Lithuanian Americans is Illinois Congressman John Shimkus, Chairman of the House Baltic Caucus, and a member of our delegation here today.

The American people stood by Lithuania in its times of trouble. They will stand by Lithuania in its times of prosperity. The new Europe is built on mutual trust, not mutual hatred. It is built on democracy, not totalitarianism. It is built on trade, not protectionism. It is built on the free exchange of ideas, not the narrow bounds of nationalism. It appeals to the better nature of mankind, not to the darker side of evil.

America's special relationship with the new Europe also comes from strategic considerations. This strategic relationship can partly be seen through the prism of NATO. NATO was founded as an organization dedicated to protecting its members from attack. It must not lose sight of its important mission: to defend its members. Lithuania is a strongly ally in the Partnership for Peace program. I support its membership—full membership—in NATO.

I want to congratulate you on your defense budget, soon to reach two percent of Gross Domestic Product. Your commitment to building a strong defense can only help your case as you seek to become a full strategic partner. As a legislator who is working on his nation's budget, I know how difficult those choices can be. But you have made the right choice to fund the military and to improve the living conditions of its personnel.

A great threat to the new Europe is the current instability in the Balkans. The Milosevic regime is evil and free nations should confront evil wherever it occurs. We have a duty to say no to ruthless dictators, to draw the lines where evil knows no bounds.

We had a debate in the House of Representatives about the virtues of America's involvement in the Balkans conflict. Many of my colleagues in the House had reservations about American involvement in that region. But now that the United States is involved—let there be no mistake—no one should doubt the resolve of the American people as we work to bring justice to the Kosovo region.

The reports we have from Kosovo are deeply disturbing. If it is true that Serbia is attempting to wipe out Kosovar Albanians,